

## **AgriStar's Role in Connecting Agriculture and Rural America**

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I want to thank the Federal Communications Commission for inviting me to participate in today's Rural Satellite Forum, and for having the vision to sponsor discussion about the many opportunities now available with satellite broadband.

AgriStar's core focus is to provide broadband connectivity and agricultural information to the country's top farms and ranches and the companies with which they do business. I should mention here that we define a top farm not just by size, but by overall efficiency, because a producer can be highly efficient on several hundred acres just as he can on many thousands. AgriStar also plans to provide broadband connectivity to other rural sectors, including the rest of the farm universe and non-farm businesses and residences.

AgriStar is the only nationwide provider of broadband connectivity exclusively dedicated to agriculture. We differentiate ourselves from consumer oriented companies by including a wide range of information and business services along with high speed connectivity. A subscriber to AgriStar receives, at no additional cost, extensive daily agricultural news summaries along with detailed market information, 10-minute delay price quotes and access to extensive commodity graph libraries. Because of the time sensitivity of today's commodity information, AgriStar's screen reports are updated throughout the day with streamed audio. Our basic information package also includes high-resolution weather maps with full motion radar and satellite imagery. And there is daily audio commentary on major ag issues by Orion Samuelson, agriculture's best-known media spokesman.

In addition, AgriStar is developing a broad menu of premium services. These will include virtual seminars with streamed audio and video, multicasts of business and financial topics, distance learning, production input sourcing, value-added marketing opportunities and a number of others.

Over the past half century, AgriStar's forerunner entities were closely involved in many stages of the constant evolution toward faster delivery of agricultural information:

- In the 1950's the Ford Farm Almanac started as an annual roundup of new production ideas, sent to every member of the Future Farmers of America. Once a year was deemed sufficient.
- In the 1960's our Top Farmers of America Association, the country's first organization of leading farmers and ranchers, provided members with business and financial information through monthly publications and live seminars. That was state-of-the art timeliness back then, and we never had a complaint about the mailman not driving fast enough down his rural routes.
- In the 1970's we started Farm Futures, agriculture's first risk management magazine. Because of the time-sensitive nature of market information we soon supplemented the

monthly magazine with weekly newsletters and then later with watts lines and daily recorded tapes.

- In the 1980's we launched AgriData Resources which established the first national computer network of leading farmers and ranches, using modems and phone lines. This was years before public Internet use, but the top producers already were rapidly integrating computers into their businesses.
- In the 1990's we established our own initial Internet web sites, recognizing as did many others the enormous potential power of the new medium. I said then that once this spectacular technology was utilized properly, it would have more importance for agriculture and the people it serves than any other industry.

There are several reasons for this:

1. Agriculture, from farm field to consumer table, is the world's largest industry and it is the most vital. People have to eat.
2. It is a highly complex and fragmented industry. There are tens of thousands of seed, chemical and other input companies and their field people at one end of the food and fiber chain. At the other end of the chain are equally large numbers of elevators, processors, transporters, packagers and retailers. And at the epicenter are hundreds of thousands of commercial farms and ranches producing more than 300 commodities, who need to communicate with the rest of the industry as fast and effectively as possible.
3. The volume of agricultural production and food related information needing to be transmitted has increased exponentially in recent years.
4. The fourth reason for the Internet's importance to agriculture is simply that most of the huge industry is rural based. But it is this same geography that, until now, has kept the heavy lid on truly effective Internet use in rural America, where deployment of cable and DSL lines is not economically feasible and rural phone connectivity is terribly slow.

A lot of money was initially invested in Internet platforms by both traditional agribusinesses and new dot com startups with little – if any – thought given to connectivity. One Internet-based company specializing in remote mapping of fields approached AgriStar a year before we were operational because they had discovered that sending their GPS field maps to a farmer tied up his phone line for 7 or 8 hours, so they had to print the maps and send them by FedEx.

There were many examples like that. The only solution was to dumb down Internet sites in terms of graphics and applications, and then only limited amounts of data could be sent. Satellite broadband, with download speeds that are 20 to 30 times faster than rural dial-up, thus opens up a vast new arena for utilizing the Internet in agriculture and throughout rural America.

AgriStar began its formal national market rollout late last year with Hughes Network Systems as our technology partner. Hughes is the world's largest satellite services company. More than 4 years of AgriStar research and development, culminating with the successful completion of an 18-month networking program in 40 states, preceded our launch.

We are introducing AgriStar the same way we have marketed all of our other communication efforts over the decades, starting with the group I defined earlier as America's top farms and ranches.

AgriStar's proprietary database profiles 250,000 of these operations, which we update annually.

This elite group makes up only 10% to 15% of all U.S. farm operations, but operates 70% of the land, produces 80% of the output and earns 90% of all net farm income. These producers and the entities with whom they do business are today's commercial agriculture.

A top producer's need for high-speed information and business services is drastically different from only a few years ago. In addition to daily ag news, markets and weather, producers want everything from the latest prices on inputs to the newest value-added market opportunities related to biotechnology, and they want it all delivered at high-speed for instant decision making.

The industry also now needs instant warnings about the negative developments which can happen overnight in our global economy. The recent news of just one mad cow imported from Canada caused more than 30 countries to ban all U.S. beef imports in less than a week. Beef prices plunged the maximum amount allowed by the commodity exchanges for several days in a row.

Disease scares, consumers uneasiness with biotechnology and other modern day issues have indelibly burned food safety into the public's consciousness. I saw a cartoon the other day showing a McDonald's outlet with the golden arch and a big "Mc" sign in the middle. Hanging from the Mc sign was a makeshift sign saying: "Mc does not stand for Mad Cow." That is public awareness.

So we are entering a brand new era where identity preservation and tracking food from field to table will require highly sophisticated traceability systems, massive databases and high-speed communications that electronically integrate the production/marketing channel from one end to the other. AgriStar intends to play an important role as the communications hub to make this possible.

In addition to running their own efficient businesses, America's top producers also are one of AgriStar's keys to reaching other farmers and ranchers as well as the rest of the rural community. Many of these influential thought leaders serve as presidents of their county and state farm organizations. They sit on school boards and bank boards and are active in their communities in many other ways. People listen to them. They watch what they are doing.

Over the years we have worked closely with many of the leading producers, as well as the agribusiness companies they deal with, and we have gained their trust. This is the essence of what our adoptive use/diffusion marketing is all about. We start with the innovators and early adopters, and solicit their ideas and suggestions. Then we move on through the rest of the industry. We are finding it works the same with AgriStar as it did with everything else we've done in prior years.

I will end with some examples of how AgriStar is being successfully utilized. First by farmers:

- A 5,000 acre Illinois farmer who produces corn for Frito Lay, this year is chairman of the board of the U.S. Grains Council, devoting more than half his time to building America's grain exports. Shortly before subscribing to AgriStar, he downloaded a board meeting package that was graphic intensive. It took 2 hours. With AgriStar, as a test he

downloaded the same package again. It took less than 4 minutes. His wife also runs an accounting business for other farmers and local businesses and also relies heavily on AgriStar in her work.

- Another Midwest producer who operates 10,000 acres and has an agricultural investment in Ukraine says AgriStar has significantly improved both his U.S. and global communications significantly. It also is wonderful for his wife, a paraplegic. Her connection to the outside world is her computer with voice recognition software and AgriStar's high-speed delivery which enables her to maintain an active role in their family businesses.
- A 400-acre Wisconsin farmer says AgriStar levels the playing field so he's on a more even keel with much bigger operations.
- A Georgia farmer participates in live cattle auctions via AgriStar rather than traveling hours or days to be there in person.
- A Colorado grain producer used to access the Internet only a day or two a week. With AgriStar he utilizes it several times a day, and he says his wait time for downloading material is so dramatically reduced compared to dial-up it is "almost unbelievable." An added bonus: His wife now does her shopping over the Internet because they are a long way from any city.
- Equally important in rural areas is how much satellite broadband has opened up new educational and entertainment experiences for entire families. One mother describes AgriStar's streamed audio and video as "so incredibly smooth it's just like watching TV." She says the entire family now uses the Internet constantly.

Some examples of what agricultural companies are accomplishing with satellite broadband:

- One of the industry's largest ag chemical distributors last year installed AgriStar pilot units with a half dozen dealers who could not access cable or DSL, and now is ready to order another 100 units for the rest of their outlying locations. The next step is to develop product sales incentives to encourage each dealer's farmer customers to join the AgriStar network.
- A global seed company has started to use AgriStar to connect its dealers and fieldmen and will use it for dealer training and many other purposes.
- A North Dakota company that provides grain storage and pressure cure drying systems uses AgriStar to communicate with its global sales force and customers. They are now testing the possibility of using AgriStar to network a farm with its remote storage facilities so a farmer can monitor heat and moisture conditions while sitting in his home office.
- Agricultural universities in the South and Midwest have connected their research farms via AgriStar and now can transmit large databases and graphic-intensive material that was impossible to do with dial-up.
- The National Corn Growers Association, with more than 30,000 members, began using AgriStar to network its state officers and members last year. Seven other large commodity organizations now are doing the same, as are state Farm Bureaus and other farm groups.

- We are developing an AgriStar program specifically for FFA members, who literally have grown up with computers and the Internet. These young folks are technologically savvy and

wield a lot of influence with their parents in this regard. A quick story I heard from an Illinois mother who asked her 12-year old son and one of his pals if they had ever seen a typewriter. Her son said he saw one in a doctor's office once, and allowed that it was "pretty cool, except that it couldn't delete anything." His friend said he saw one in a movie, but added that it was a very old movie. Times indeed are changing ? and at broadband speed.

Finally, some non-farm stories that show the total rural potential for satellite broadband:

- A secondary school in Iowa had 37 computers running off a dedicated 56k circuit. With AgriStar they now are averaging 600k. How the school learned about AgriStar is a classic example of adoptive use and diffusion. An Iowa farmer subscribed to AgriStar. His wife, who is on the local school board, reported how much they liked it. The school installed a unit, and the superintendent now is recommending AgriStar to others.
- The North Valejo Community Center in California is utilizing AgriStar to provide Skills Training for 15 to 20 adult students at a time.
- And, at a remote dinosaur dig in Wyoming, a University of Texas project is underway to unearth the largest T-Rex ever found. Researchers are using AgriStar to transmit daily photos to the outside world, including school children following the project on their web site. We're not quite sure what the long term T-Rex market is ... but we are digging into it!

In closing, I want to say that in my 40 years in communications, there never has been anything close to the potential of the Internet combined with satellite broadband to impact how business is done in agriculture and to open new opportunities for rural America overall. There still is a learning curve to get everyone to understand just how much can be done when these two horses are harnessed together. But with efforts such as this FCC forum today, the understanding and utilization will come quickly. Thank you.